

PROPOSED CHARGING LETTER

Office of Defense Trade Controls
Bureau of Political-Military Affairs
U.S. Department of State

Washington, D.C. 20520-0602

Mr. Bruce S. Ramo
Vice President and Director
Motorola Corporate Law Department
1303 Algonquin Road
Schaumburg, Illinois 60196-1065

Re: Motorola Corporation

Dear Mr. Ramo:

The Department of State charges that Motorola violated the Arms Export Control Act (the "Act") and the International Traffic in Arms Regulations (the "Regulations") (22 C.F.R. § 120-130), as described below. Twenty-five (25) violations are alleged at this time.

RELEVANT FACTS:

Motorola Corporation is a domestic concern incorporated in the State of Delaware organized under the laws of the United States and the State of Delaware.

Motorola is a U.S. person engaged in the business of manufacturing and exporting defense articles and defense services and is so registered with the Department of State pursuant to section 38 of the Act and 22 C.F.R. 122.1 of the Regulations.

Motorola is subject to the jurisdiction of the United States, in particular with respect to the Act and the Regulations.

Eurokot Launch Services GmbH (Eurokot) of Bremen, Germany, DaimlerChrysler (AG) of Bremen, Germany, and Khrunichev State Research and Production Space Center of Russia are all foreign persons within the meaning of the

Act and the Regulations. Eurokot is a joint company of DaimlerChrysler Aerospace and Khrunichev State Research and Production Space Center.

On November 9, 1995, Motorola requested U.S. Government authorization, through submission of a munitions export license application to the Department of State, Office of Defense Trade Controls, in order to export controlled technical data to Germany and Russia in connection with a feasibility study of the use of Eurokot for the launch of Iridium satellites from Plesetsk, Russia.

On June 6, 1996, the Office of Defense Trade Controls approved license no. 656346 for Motorola, setting forth specific terms and conditions under which the above feasibility study could be undertaken, including among such terms and conditions a requirement for a detailed technology transfer controlled plan requiring approval of the Defense Threat Reduction Agency ((DTRA) formerly, Defense Technology Security Administration).

On July 21, 1997, the Defense Threat Reduction Agency (DTRA) approved a technology transfer control plan for license no. 656346.

During the period covered by the charges, Motorola has exported unlawfully or caused the unlawful export of defense articles designated on the United States Munitions List, specifically controlled technical data.

Motorola has voluntarily disclosed the facts underlying the violations described below in letters to the Office of Defense Trade Controls dated July 26, 1999, September 3, 1999, September 20, 1999, and January 6, 2000.

THE CHARGES:

CHARGES 1-16

Beginning in December 1997 and continuing through March 1999, Motorola exported by means of facsimile, electronic mail and other means controlled technical data on sixteen occasions to representatives of Eurokot, DaimlerChrysler Aerospace and/or the Khrunichev Institute in violation of the express terms and conditions of the aforesaid license no. 656346 by failing to obtain the prior review of DTRA, as required by the license.

CHARGES 17-22

During the period November 1998 to February 1999, Motorola exported by means of telephonic discussions controlled technical data to representatives of Eurokot, DaimlerChrysler Aerospace and/or Khrunichev Institute on six occasions, which discussions violated the express terms and conditions of license no. 656346 by failing to provide prior notice to DTRA of the discussions and by failing to include in the discussions a representative of DTRA, as required by the license.

CHARGES 23-25

During the period October 1998 to March 1999, Motorola exported controlled technical data to representatives of Eurokot, DaimlerChrysler Aerospace and/or Khrunichev in the course of three meetings, which meetings were held in express violation of the terms and conditions of license no. 656346 because Motorola failed to provide prior notice to DTRA of the meetings and failed to include a representative of DTRA in the meetings, as required by the license.

ADMINISTRATIVE PROCEDURES:

In accordance with 22 C.F.R. § 128, administrative proceedings are instituted against Motorola for the purpose of obtaining an Order imposing civil administrative sanctions that may include the imposition of debarment or civil penalties. The Assistant Secretary for Political Military Affairs shall determine the appropriate period of debarment, which shall generally be for a period of three years in accordance with 22 C.F.R. § 127.7. Civil penalties, not to exceed \$500,000 per violation, may be imposed in accordance with 22 C.F.R. § 127.10.

A Respondent has certain rights in such proceedings as described in 22 C.F.R. § 128, a copy of which I am enclosing. Furthermore, pursuant to 22 C.F.R. § 128.11, cases may be settled through consent agreements, prior to service of a charging letter.

Please be advised that the U.S. Government is free to pursue civil, administrative, and/or criminal enforcement for violations of the Arms Export Control Act and the International Traffic in Arms Regulations. The Department

of State's decision to pursue one type of enforcement action does not preclude it or any other department or agency of the United States from pursuing another type of enforcement action.

Sincerely,

William J. Lowell
Director

Enclosure